

To: Zaragoza, Larry[Zaragoza.Larry@epa.gov]
From: Morning Energy
Sent: Wed 8/12/2015 2:02:57 PM
Subject: POLITICO's Morning Energy, presented by Chevron: Colorado spill hijacks EPA agenda — Formerly nuclear Japan turns to coal — Canadian election could change energy relationship

By Alex Guillén

With help from Elana Schor

RIVER, THERE ARE NO STARS IN THE CITY: Something tells ME there isn't a John Denver song for this one. Just a week after triumphantly debuting her Clean Power Plan, EPA Administrator Gina McCarthy has been swept away along with the 3 million gallons of polluted water EPA workers accidentally released into a Colorado river last week. The agency charged with protecting the nation's waters has found itself taking criticism from all sides for causing the accident, whether it reacted too slowly and whether the people who rely on that river and its downstream waters are in danger.

It became apparent yesterday that the incident at a long-abandoned gold mine on the Animas River might subsume McCarthy's attention. After her first public appearance since announcing the rule, an event on the Clean Power Plan at the think tank Resources for the Future, reporters at a press conference bombarded McCarthy with questions about the Colorado catastrophe. She apologized for her agency being the cause of the spill and vowed to take responsibility. Just hours later EPA announced McCarthy will fly in to visit the agency's command center in Colorado and another site in New Mexico. Besides fielding inquiries from state and local officials, McCarthy must also keep the White House and anxious congressional overseers in the loop.

ME isn't the only one thinking this: After writing today's intro, ME received a note from a reader: "Appears her CPP road show was unexpectedly interrupted. One day her agency says it's solving enviro problems, the next day they're creating them."

Back to the source: Salt Lake Tribune editorial cartoonist Pat Bagley's latest work goes back a bit to find the original creators of the waste at the thousands of abandoned mines dotting the West, 'get-rich-quick capitalists.' <http://bit.ly/1P4YLXR>

Bookmark: EPA has created a clearinghouse page on its website with updates:
<http://1.usa.gov/1DHIqbs>

COLORADO LAWMAKERS UNLOAD: Gov. John Hickenlooper said Monday he is 'disappointed' with EPA's handling of and communication about the incident. Colorado Republican Cory Gardner yesterday called for oversight hearings 'to ensure that the EPA is held to the same recovery standards as the private sector.' And Gardner, Sen. Michael Bennet and Rep. Scott Tipton asked EPA to release its short- and long-term cleanup plans:
<http://1.usa.gov/1IJ0QF1>

HATCH SEIZES ON SPILL TO SLAM CARBON RULE: The spill doesn't have much to do

with EPA's Clean Power Plan, but Sen. Orrin Hatch isn't letting that stop him from mentioning the two in the same sentence. The Senate president pro tempore said it proves EPA should "focus on fulfilling its existing responsibilities, instead of focusing its resources on imposing expensive new regulations that kill jobs and hurt family budgets."

Sen. Barbara Boxer chose a softer touch, using a letter to EPA to thank McCarthy for briefing her staff on the issue and urging her to update affected communities and "take steps to ensure that a similar incident does not happen in the future." Boxer's letter: <http://1.usa.gov/1KgG8N4>

TO TWEAK OR NOT TO TWEAK, THAT IS THE QUESTION: McCarthy did talk a bit about the carbon rule yesterday. She sounded particularly optimistic that states (besides California and the other usual suspects) will actually use renewables and efficiency to go beyond the rule's reduction goals. That might mean EPA need not revisit the mechanisms set up in the rule for pushing toward decarbonization, though she didn't say if EPA would need to ever set new emission targets. "I never regret a regulation I don't have to do," she said. "Why would I want to continue to rethink this when I have it on a trajectory that's built into the market, it's going to get the reductions in pollution I want at the same time it's going to grow a market for itself in jobs. That is a total win and one I can allow to go running off way past where I expected it to go."

Clean Power Plan 2.0? Your host dived into the issue of a sequel to the carbon rule last week. ICYMI: <http://politico.pro/1N8vjQ7>

MORNING READ - FORMERLY NUCLEAR JAPAN TURNS TO COAL: Darius Dixon traveled to Tokyo to file this for POLITICO's Agenda: "The world's attention fell on a Japanese power plant yesterday, as technicians turned on a nuclear reactor for the first time since it was shut down following the catastrophic 2011 Fukushima disaster. It's scheduled to be the first of dozens to start up again, despite public opposition to reviving nuclear power in the earthquake-prone nation. To many in the energy and climate world, however, Japan's nuclear issue is just a sideshow. A bigger concern is Japan's growing role in keeping alive an energy source that President Barack Obama and Japan's allies elsewhere have been fighting to bury: coal." Read the story: <http://politi.co/1JTaglX>

ICYMI: The New York Times has more on the start-up of the Sendai Nuclear Power Plant in Kagoshima Prefecture: <http://nyti.ms/1Jbd8f8>

GOOD WEDNESDAY MORNING and welcome to Morning Energy, where today's non-energy recommended read is on potential new clues about the lost colony of Roanoke: <http://nyti.ms/1TnncGs>. Send your news to aguillen@politico.com, and follow on Twitter [@alexguillen](https://twitter.com/alexguillen), [@Morning_Energy](https://twitter.com/Morning_Energy) and [@POLITICOPro](https://twitter.com/POLITICOPro).

**** A message from Chevron:** Congratulations to the winners of the first-ever US2020 STEM Mentoring Awards. Chevron is proud to be a Co-sponsor of the award, and to recognize the mentors who are helping cultivate the next generation of STEM professionals. See how Chevron supports America's future innovators: <http://tinyurl.com/olbjs73> **

CANADIAN ELECTION COULD CHANGE ENERGY RELATIONSHIP: Keystone XL will not be on the ballot when Canadians choose a new leader this fall, but the election still could upend the U.S.'s energy relationship with its northern neighbor. A defeat for Conservative Prime Minister Stephen Harper in October could usher in tougher limits on the carbon footprint of Canada's emissions-heavy oil sands, the fuel source that ensures the nation's role as the No. 1 supplier of oil to the United States. It would also give President Barack Obama a more forceful partner in negotiations for a tough international climate deal at the end of this year. Elana Schor fills you in: <http://politico.pro/1J3kOyb>

NO CALIFORNIA LOVE IN GREENS' NEW CHEMICAL REPORT: The Environmental Working Group is out today with an analysis of 197 different chemicals used in fracking fluids in California between 2013 and February of this year, and the activist group found a dozen listed as hazardous air pollutants under the Clean Air Act as well as 15 that the state designated as known to cause cancer or reproductive harm. The group also compared its new fracking findings with an EPA report from earlier this year that used data from the industry-government website FracFocus. EWG's analysis found "some of the most hazardous chemicals are used less often in California than nationwide, but the typical California job uses about twice as many distinct chemicals as the national average," according to the report. Check it out here: <http://bit.ly/1TqxjoT>

ME FIRST - NATURAL GAS, THE LAST FRONTIER'S FINAL FRONTIER: A recent downgrade in Alaska's credit rating during the current oil-price downturn raises the economic stakes for completion of its long-stalled liquefied natural gas export projects, the conservative think tank American Council for Capital Formation argues in a new paper today. On top of the "expertise garnered from nearly a half century of exploration and extraction," ACCF's Margo Thorning writes, Alaska's location leaves it "very well positioned to move LNG by tanker to the energy-hungry, growing markets of Asia through sea lanes far less vulnerable to political volatility and instability than the Middle East." Here's the complete report: <http://politico.pro/1h0r67s>

THE OZONE ZONE: The latest in ozone news.

Rocky Mountain High (Ozone Levels): The Center for Regulatory Solutions, an initiative of the Small Business and Entrepreneurship Council, has a report out today arguing that a tightened ozone standard 'could have a serious and deleterious impact on Colorado's economy, just when the state is putting the Great Recession in the rear-view mirror.' The report warns that unless EPA sticks to the current 75 parts per billion standard, more than a dozen Colorado counties would be out of attainment. That 'effectively hands over to EPA significant control over permitting and planning programs.' Read: <http://bit.ly/1PjQOyT>

Science watch: The western U.S. cut emissions of ozone-forming substances by 21 percent between 2005 and 2010 but atmospheric ozone didn't drop in response because of pollutants from China and natural atmospheric processes, according to a new study from NASA's Jet Propulsion Laboratory and scientists in the Netherlands. The paper, published this week in *Nature Geoscience*, concludes that "global efforts may be required to address regional air quality and climate change." <http://bit.ly/1IIY173>

From the mailbag: The American Lung Association and other public health groups urge the Obama administration to "put in place an ozone standard that fully protects the millions of Americans still at risk from dangerous levels of ozone pollution." <http://bit.ly/1HEi4lk>

Chamber continues transpo warnings: The U.S. Chamber of Commerce has released its second report warning that a lowered ozone standard could mean EPA blocks highway funding for cities that can't meet the new limit. (EPA has never actually withheld highway funding for nonattainment, a power granted it under the Clean Air Act.) This time the Chamber is targeting Las Vegas, which it says could be at risk of losing \$346 million for ten projects. <http://bit.ly/1KgEYkM>

MOVERS, SHAKERS

Nuclear waste: Sarah Hofmann, a member of Vermont's Public Service Board, is the new chair of the Nuclear Waste Strategy Coalition, a group of energy companies and utility commissioners. Hofmann plans to push Congress to fund the Yucca Mountain license review as well as further storage steps. The coalition has also picked up Florida regulator Julie Brown to its executive committee, where she will work on attracting new members.

Clean energy: The Solutions Project, a clean energy advocacy group connected to Mark Ruffalo and Josh Fox, has picked up Tyler Nickerson to lead national and state-level policy work. He was previously with the Dyer-Ives Foundation in Michigan.

GREEN GROUP WANTS COMMERCE TO BLOCK GAS EXPORTS: The Center for Biological Diversity today will ask the Commerce Department to ban the export of natural gas. The U.S., which used to be a gas importer, has begun moving toward exporting the vast stores unlocked by the fracking boom in the last decade, and CBD is hoping to throw a wrench into those plans. The group argues that Commerce was supposed to issue a rule on gas exports decades ago under the Energy Policy and Conservation Act of 1975. Don't expect this petition to get too far. Boosting gas exports enjoys some bipartisan support in Congress, and the Obama administration has hardly shied away from approving gas export applications. CBD's petition: <http://bit.ly/1hwIHnc>

QUICK HITS

- ERCOT's board of directors has picked general counsel Bill Magness as its new president and CEO. FuelFix: <http://bit.ly/1MjeyDp>

- A federal court weighs whether to uphold a federal polar bear habitat designation. AP: <http://bit.ly/1JTsxpx>

- The Washington Times looks at residents' confusion and concern following the Duke coal ash spill last year: <http://bit.ly/1TrPvyy>

- Carter-era undersecretary of energy John Deutch calls for lifting the ban on crude oil exports in

a Wall Street Journal op-ed: <http://on.wsj.com/1MmUMIJ>

THAT'S ALL FOR ME. Mostly sunny, high near 84.

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